

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 3310 - SB 3220

February 13, 2012

**SUMMARY OF BILL:** Authorizes the Commissioner of Commerce and Insurance to automatically approve any applicant for a plan under a state-based affordable insurance exchange by projecting a level of household income for the taxable year that makes the applicant ineligible for Medicaid. Prohibits the state from reimbursing the federal government for any erroneous payments made during any month in which the applicant is subsequently determined to be eligible for Medicaid. This authority will expire on the date the federal government reimburses the state, \$82,000,000 in full, for any erroneous payments the state made to the federal government in connection with individuals erroneously approved for Medicaid and subsequently determined Medicare eligible.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – To the extent the state is determined to be noncompliant with income projection methodologies in the Patient Protection and Affordable Care Act, the proposed legislation could jeopardize federal grant funds. The amount of grant funds that could be in jeopardy is unknown.**

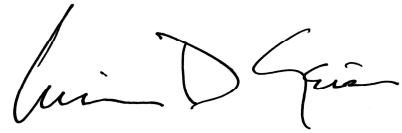
Assumptions:

- According to the Bureau of TennCare, the state made payments in the amount of \$82,000,000 unnecessarily because of inaccurate Social Security eligibility determinations (Special Disability Workload or SDW).
- The Centers for Medicare and Medicaid Services (CMS) has accepted liability for the SDW repayments, but payment of these funds cannot occur without Congressional approval.
- According to TennCare, the income projection methodology outlined in the bill is inconsistent with the Patient Protection and Affordable Care Act (PPACA) and implementing federal rules. If the U.S. Department of Health and Human Services (HHS) cites the proposed legislation as justification to refuse to award any federal grant funds to the state to offset the development and implementation costs of a state-based insurance exchange pursuant to the authority under PPACA Section 1311 (a), federal funds will be jeopardized.
- The development and implementation costs of a state-based insurance exchange are likely to exceed \$40-\$60 million.

- The Department of Commerce and Insurance will not incur a significant increase in expenditures to determine health insurance approval through the exchanges pursuant to the methodology proposed in the legislation. Any impact will be in FY13-14 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/kml